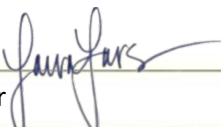



FROM	NAME & TITLE	Laura Larsen, Budget Director 	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 469, City Hall		
	SUBJECT	City Council Bill 23-0386—Real Property Tax Credit for Energy Conservation Devices		

DATE:

TO

The Honorable President and
Members of the City Council
City Hall, Room 400

April 22, 2023

Position: Support

The Department of Finance is herein reporting on City Council Bill 23-0368, Real Property Tax Credit for Energy Conservation Devices, the purpose of which is to amend the energy conservation devices real property tax credit.

Background

Baltimore City enacted Ordinance 22-162 in August 2022 established the real property tax credit for energy conservation devices. The Ordinance established a tax credit against real property tax for a dwelling that installs and uses a solar energy device or a geothermal energy device. To claim the tax credit, a property owner must file an income tax return as a resident of Baltimore City for the taxable year the credit is sought, file an application with the Director of the Department of Finance, and satisfy any other conditions as imposed by the Director of Finance.

This legislation seeks to amend the program in various ways to clarify different aspects for applicants. The amendments include adding definition of "dwelling," establishing the maximum amount of credit, and clarifying the transferability of the credit. In addition, the amendments clarify that the credit may not exceed the amount of City real property tax imposed on the dwelling in the tax year and that the credit applies to the County or Municipal Corporation property tax imposed on a structure, not the land. Finally, the amendments address the eligibility term of the credit, which is one tax year.

This legislation ensures that these areas are addressed before the program goes into effect on May 15, providing property owners who have already purchased or leased energy conservation devices or are planning to do so with a clear interpretation of the Ordinance, preventing confusion.

Fiscal Impact

The Department of Finance does not anticipate a fiscal impact for the City. Finance projected an annual cost of \$750,000 based on the initial Ordinance. This legislation does not change the cost of the program.

Conclusion

This legislation seeks to amend the energy conservation device tax credit program to provide clarity on various aspects of the credit. Finance does not anticipate a fiscal impact from this legislation.

For the reasons stated above, the Department of Finance supports City Council Bill 23-0368.

cc: Michael Moiseyev
Nina Themelis